CENTRAL CALIFORNIA ALMOND GROWERS ASSOCIATION

Post Office Box 338 ♦ Kerman, California 93630-0338

CCAGA ♦ GROWING STRONGER EVERYDAY ♦ NEWSLETTER ♦ Spring 2025♦ Vol. 20, No. 1

Association Repays Portion of the 2024 Capital Retain

On Friday, March 7, 2025, the Association distributed a repayment of the Capital Retain overage of 1.77626 cents per lb. on the hulling fees collected on the 2024 crop. The repayment of the overage (also called the supplemental retain) totaled $2,338,687.40 in disbursements that were made to the membership. Prior Board action has mandated that we may only hold on to $1,500,000 as our revolving fund retain from any single crop year. Any amount over this preset level must be repaid to the membership in March following each year's shelling season.

Last season CCAGA shelled 131,932,806 lbs. of meat equivalents. In comparison, our 2023 production volume was 107,314,863 lbs. This is an increase of 24,617,943 pounds, or 22.94% above the prior season. The average yield per acre was 2,170 lbs., contrasted with 1,744 lbs. recorded in 2023.

Nomination Period Opens on April 1

The nomination period for the election of members to sit on the Association's Board of Directors opens Monday, April 1 and closes Tuesday, April 30. This year two seats are up for election, Seat #6 held by Director Robert Allen and Seat #7 held by Director Lee Erickson.

If you are interested in running for a seat on the Board of Directors, please let us know. We will be happy to provide you with an application to run in this year's election. The application, when completed, must be returned to Mr. Mark Heuer, the Chairman of the Committee for Election Certification. On May 3, the election ballots will be mailed to all regular members who are of record and the election will run for 30 days. In early June, the ballots will be counted, and the committee will make a report to the Board of Directors. After our Board meeting, a report announcing the results will be made to the entire membership at our Annual Dinner Meeting scheduled for Tuesday, June 10, 2025.

Should you have questions about this year's election, please call the Kerman office at (559) 846-5377 and request to speak with President and CEO, Michael Kelley. He will be happy to discuss the entire process with you.

Member Relations Coordinator

We are only four months away from the 2025 hulling and shelling season. Please remember that if you plan to change anything about your membership or production, you must contact me before July. Changes can include, but not limited to, a new tenant, the passing of a family member, obtaining new acreage, or switching/adding handlers. It is important to complete these changes before season so that there are no issues when we are in the peak of the busy weeks of processing.

I am also in communication with our software system to have an option through the grower portal to complete the yearly Grower Information Sheet and 2025 Processor Assignment of Crop Proceeds. There have been requests to offer a digital option for completing and returning these forms. Please be patient with us as we try our hardest to have this request implemented.

Aside from membership changes, I am continuing to update our communications platforms. I have been keeping up with our Member Spotlight's about our growers. These spotlight's can be found on the Association's website: **ccaga.com/member-spotlight/**. Updating our communication platforms is critical as the almond industry is continually changing and evolving. Social media allows me to communicate how the Association continues to be an industry leader that our Membership can be proud of.

I am only a phone call, text or email away, 559-267-3071 & celestel@ccaga.com.

Chief Operating Officer

The 2024 crop was received rather dry to start the hulling and shelling season and we were able to run the plants efficiently while maintaining quality. We shut down the shellers on December 16th and we took advantage of beginning our off-season repairs before the Christmas holiday. As we look forward to the spring of 2025, the last 12 months have been very busy in pursuit of my professional development and of course at the cooperative.

- I would like to thank President & CEO Michael Kelley and the CCAGA Board of Directors for their support while I was attending my California Agricultural Leadership Foundation (CALF) seminars as a member of Class 53. The 18-month program commenced in February 2025. This experience was filled with many moments of internal growth for myself and better understanding of my impact in the agricultural community, and specifically as an advocate for the CCAGA membership. The leadership program seminars were spread across four participating universities, CSU Fresno, U.C. Davis, Cal Poly San Luis Obispo, and Cal Poly Pomona with monthly seminars challenging me to harness my own leadership capabilities. As a member of Class 53, I was able to visit and converse with leadership in Washington D.C. and in Sacramento about agricultural issues. The international component of the program sent me to Cambodia, Loas, and Vietnam to experience different cultures on the other side of the world which was a very humbling experience. I could not be more thankful for the support of my wife Korina, daughters Alivia and Avery, and CCAGA leadership and employees during this time of growth and reflection.
- Upon graduation from the program, I was very fortunate to be given the opportunity to visit the almond growing region of Australia at the end of February. In 2007, CCAGA implemented a new software system from Regional IT known as Agricultural Logistics, Management and Distribution System (ALMADS) which enabled your cooperative to begin tracking product through our facilities using bar coded tags. I spent time at the Regional IT headquarters near Adelaide discussing the upcoming 2025 software changes with their founder, Justin Iovino, software engineers and fellow CCAGA employee Asencion Rodriguez who accompanied me on the trip. I was able to travel along the Murray River and visit many different hullers, shellers and processors and glean any ideas or technologies I could potentially implement at CCAGA. Their hulling and shelling annually begins in late February and deliveries last until April, which is equivalent to our three month harvesting season, but the Australian almond crop is only 12.5% of the crop size grown in California.
- The construction of our Sanger Facilities phase 3 solar project began right before the start of the 2024 hulling and shelling season. I am happy to report that the project became fully operational in February of 2025. The Board of Directors felt it was prudent to move forward with the implementation of Phase 3, 610 kW DC tracking solar project before the end of Net Energy Metering (NEM) 2.0. This project will offset the cost of electricity by 100% at our Sanger Facility. With the implementation of the Phase 3 solar project your Association will be producing 2.75 Mega-Watts (MW) in total of solar power to the PG&E grid. The project compliments the 2.1 MW of solar offsetting energy costs at the Kerman Facility. In total, CCAGA uses 5.84 MW of power per year and with the inclusion of the phase 3 project we will offset 47% of the yearly cost of electricity used by the Association.

As we prepare for the 2025 hulling and shelling season, we will continue to ensure our plants are in tip top shape and ready to receive your product. We are always improving upon our process flows and continue to strive to provide the best quality product for our membership.

President's Report

What is the present State of your Cooperative? At this time, we are in what I would call an interim period in the almond shelling industry in which there are some positive signs of improvement considering the economic conditions that have challenged us in the last couple of years. However, there are also some clouds looming that could cause a return to the malaise that we have known.

We are certainly gratified that there are some positive signs that we are possibly emerging from a difficult financial period in our industry's history. Let's face it, the last two years have been tough! Three cycles ago we recorded a near record dividend of 6.4401 cents that was distributed to our members on the 2022 crop. However, this has been followed by two consecutive crop cycles that have recorded significant losses of 3.2448 cents per meat equivalent lb. on the 2023 crop year and another yet to be determined loss on the 2024 crop when the last of our almond hulls are shipped in the fall. These losses have been covered by the high hulling fees we charged our members to ensure we covered an estimated loss we anticipated during our spring budgeting. It was with an abundance of caution that we set our hulling rate exceedingly high at 11 cents per meat equivalent lb. on a delivered basis to ensure our cost of operations were covered last season. It is imperative that our financial standing remains strong, so we can efficiently shell your crops well into the future. This significant increase in hulling fees was difficult for Management and the Board of Directors to assess when considering that our members were dealing with significantly depressed kernel prices. However, it was the right thing to do and kept the Association in good financial standing. It is interesting that when we set our hulling fee, our competitors in turn followed our lead shortly thereafter and then set theirs. But theirs was set higher.

We are proud to be the standard bearer in our industry setting our fees for service, but it is humbling to do so at a time of great difficulty for our members. Our business model will allow us to return a portion of these hulling fees back to you in the early fall of this year. Other independent hulling operations, who charged higher fees for service, will not do so. They will shove the windfall they have made on the lofty hulling fees they charged and stick it in their pockets.

I believe our cooperative business model is superior to most competitors. Let me explain why. I have discussed in the past that there is a recurring cycle at an agricultural service cooperative like ours. It is one in which we may have a year of high profitability to one that is more difficult in the subsequent year. This circumstance is because we are intrinsically linked to the success of the California dairy industry upon which we have no control. Last summer we noticed that dairy futures were showing signs of improvement. While the price per ton of almond hulls used in the ration remained low it was suggested that there could be improvement in the profitability among California dairies. As you are aware, 82% of our revenue outside of retainage that is in the form of hulling fees are derived from the dairy industry. Over the past two years our dairy friends have been reeling from the low prices they receive for the fluid milk they produce. With conditions improving, maybe there could be a chance for hull prices to improve as well. As we moved into December, corn moved upwards as well and hit $5.00 a bushel. This did help improve Almond Hull Pricing and we were able to receive sales as high as $92.00 per ton. But that was the extent of the rally. With tariff uncertainties the market has softened.

The 2024 fiscal period will conclude on April 30, 2025, and will continue to be much different and challenging. A smaller crop appears to be ahead of us based on the bloom cycle that has just concluded. It was an odd bloom. Especially for the nonpareil variety, which historically makes up 40% of our production volume.

At this time, we are 71% sold on our hulls and we are sold out on our shell. We used a value of $55.00 per ton when we composed our budget last June. Our overall average price currently is $74.17 per ton. So, we saw improvement and the current market sits at $85 per ton. We will sell into this market in the months that remain until the last hulls are shipped in mid-September. This is when we will close the pool and make a payment to our members who delivered their almond production for hulling and shelling during the 2024 harvest. The balance to be

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President's Report (continued)

sold and at what price is the question. Will the price strengthen or weaken. Time will tell.

While we have seen improvement, times are still uncertain. Again, we will be diligent in defending your interests as our owners. Times are tough, but we will do our best to protect your interests. You have put great trust in us with the processing of your annual almond production and it is a responsibility we do not take lightly. We hope you have found in us a vision we share in delivering the highest level of quality and service for our 363 members. We have a record of continued success dating back to 1963. We thank you for your patronage.

At this time, I wish to personally invite you to attend our 62nd Annual Meeting that will be held on **Tuesday, June 10, 2025.** The meeting will be held at **Pardini's Banquet Hall** located at 2257 West Shaw Avenue Fresno, CA 93711 and will begin at **6 pm.** Invitations will be sent out in early May. As always, we promise to serve you a great meal and present a full report on the state of your member owned cooperative.

Contact Information

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OUR CORE VALUE

ADDING THE GREATEST POTENTIAL VALUE TO MEMBERS' PRODUCT WITH THE HIGHEST QUALITY, SERVICE AND INTEGRITY.